

Department of Real Estate - *Department's primary mission, as articulated in the strategic plan.*

MISSION STATEMENT

To protect the public in real estate transactions and provide related services to the real estate industry.

CORE RESPONSIBILITIES

- Administer License Examinations
- Issue Real Estate Licenses
- Regulate Real Estate Licensees
- Qualify Subdivision Offerings

Licensing Program – Original License Function

A) *Describe the function and activities of the program, and how they relate to the department's primary mission.*

If a person wishes to engage in the real estate business and to act in the capacity of, advertise, or assume to act as a real estate broker or salesperson within California, a real estate license must first be obtained from DRE.

B) *Describe the program's goals/expected outcomes.*

Program Outcomes – The described activities result in the program outcome of assuring that the real estate licensee meets mandated educational/experience standards and is qualified by examination to perform real estate transactions without risk to the public of substantially related prior criminal activity.	To acquire a real estate license, a candidate must submit an examination application and fee along with documentation of qualification. The application and qualifying material is reviewed and the applicant is scheduled for the licensing exam. Once the exam is administered, the applicant is notified of the score and, if successful, provided an application for licensure. The candidate is then fingerprinted via the Department of Justice's (DOJ) Live Scan Process and submits to the DRE the license application, fee, fingerprint transmittal, and verification of Legal Presence. The license application package is reviewed, a background check is completed upon receipt of results from DOJ, and the license is issued or denied.
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Program Goals	Initial Goal – to achieve Current Benchmark goals of 58-94 days to process a new license. Long-term Goal – Benchmark 2; issue new licenses within 43-57 days.
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A) *Identify the budget [\$ and PYs] for the program and compare to other states, including TX, FL, AZ, OR, NM, and WA.*

In DRE's national comparison analysis, like operations tied to budget and personnel resources serving a licensee population the size of California's do not exist and information specific to a program was not readily available from the other states. California has the largest population of licensees as well as the highest volume of examination applicants. DRE was able, however, to glean the following similarities and differences in the licensing operations of ten other states.

Key Similarities to California

- Pre-requisite education and experience requirements.
- Continuing education requirements for license renewal.
- Customer service surveys to monitor performance.

Key Differences to California

- Examinations are outsourced to private providers, most of which are administrated electronically. The availability of exams is restricted to the number of testing centers and devices. During times with low to moderate volume, scheduling an appointment to take a test can occur within a few days; however, testing appointments would be extended in times of high application volume. Some states surveyed are currently struggling to address and remedy low examination pass rates.
- Some states authorize the examination provider to prequalify license applicants.
- Concurrent processing of examination and license applications.
- Temporary license or authorization is granted.
- Online submittal of original license application is permitted in states such as Texas.
- Of the States surveyed, with the exception of Oregon, no fingerprint response is required prior to license issuance. Thus, there is no verification of criminal history or lack thereof. DRE receives criminal history from both the Department of Justice and the Federal Bureau of Investigation prior to original license issuance.
- No child support payment validation performed prior to license issuance.
- No proof of legal presence is required.
- The majority of telephone calls answered by separate call centers.

- B) *Identify the program's primary and [if applicable] secondary customers, and explain how customer satisfaction is measured.*

Primary Customers <ul style="list-style-type: none"> • License Applicants 	<ul style="list-style-type: none"> • Customer Surveys • Letters • Industry Communications • Feedback at Examinations • Front Counter Information • Industry Forums
Secondary Customers <ul style="list-style-type: none"> • Prospective Employers • Education Providers 	

- C) *Describe the obstacles to achieving the program's goals/expected outcomes.*

Staff reductions.

- Lowest level in 20 years
- 292 Total Authorized positions
- Loss of 26 positions in two years.

Unprecedented high volume of applications (00/01 as compared to 02/03)

- Salesperson examinations +109%
- Broker examinations +84%
- Salesperson Licenses Issued +91%
- Broker Licenses Issued +34%
- Telephone Calls +148%

Licensee Background Reviews

- Department of Justice is legally restricted from providing DRE with a fingerprint response without disposition data; causing delays until local courts provide records.
- 40% of applications require additional DRE background review and investigation.
- Criteria of substantially related conduct expanded to include sexually related crimes, crimes of violence, and other conduct that demonstrates a pattern of disregard for the law including multiple convictions for driving under the influence.

30% of Applications Submitted Are Deficient

- Despite checklist, instructions, form revisions, question clarifications, and published media, a substantial percentage of applications are incomplete when submitted.
- DRE expends resources in reviewing and resolving deficient submittals that could otherwise be spent on processing examination/license applications. This has been brought to the industry's attention on a number of occasions.

Lack of Available Examination Facilities

- With the large number of examination applications, DRE has encountered scheduling difficulties when attempting to locate and arrange additional facilities which are acceptable for examination purposes. Exams are currently scheduled 5-6 days per week; two salesperson sessions per day and one broker session per day. “Mega Exams” of 1000 or more examinees are scheduled upon need and the availability of a suitable facility.
- Lower fees have increased the number of examinees rescheduling their exam dates.
- DRE over-schedules exams to compensate for the no shows. The lack of additional tables and/or chairs preclude DRE from maximizing the number of extra examinees that can be scheduled.

Office	DRE Facility (Daily)	Capacity	# Scheduled	Additional Facilities (As Available)	Capacity	# Scheduled
Los Angeles						
	Examination Center	83	90	Carmel Room	120	135
				Anaheim Convention Center	1500	1800
				LA Convention Center	500-1500	700-1800
Oakland						
	Room 703	27	27	Room 1	92	115
				Room 2	70	90
				Oakland Marriott City Center	1000	1200
San Diego						
	Room 3064	60	66	Holiday Inn on the Bay	125	140
Fresno						
	Room 3074	12	12	Assembly Room 1036	50	54
Sacramento						
	Room 120B	40	44	Sacramento Convention Center	300-1000	400-1200

Loan of \$10.9 Million to the General Fund Has Stalled Projects Due to Funding

- The Electronic Examination Administration project was rescheduled until a time when presumed repayment of at least a portion of the General Fund Loan will return the necessary funding to the reserves.

- DRE may also have to defer submittal of a completed feasibility study report supporting the replacement of the Licensing Interactive Voice Response System.

D) *If an activity interferes with the department's primary mission, explain how it does so and why the activity is performed.*

No such activity.

E) *Metric*

The following chart breaks down the metrics for the processing of an original license. Tracking and improving the processing timeframes from the current estimated time period to the achievement of the Benchmark 1 Timeframes are critical in order to then move forward and reach the long-term goal of the Benchmark 2 Timeframes.

	Process Exam Application *	Exam Date	Grade Exam	Process License Application *	Process Legal Presence	DOJ/FBI Fingerprint Check	Initial Background Review	Check Child Support Obligor	Issue License	Total Number of Days
Estimated Current Timeframe	28	49	3	30	5	35	21	3	1	175
Benchmark 1 Timeframe	14	28	2	6	5	30	7	1	1	94
Benchmark 2 Timeframe	7	21	2	5	5	7	4	1	1	53

* Includes the re-processing of deficient applications which occur at an approximate rate of 30%.

1) *Explain how the metric demonstrates the department's success in accomplishing its mission, how the metric is linked to program outcome.*

Metric Objective	To process examination applicants and license applicants thereby permitting them to conduct real estate activities.
Program Outcome	DRE will be continuing the practices that support the integrity of the Licensing effort to realize the program outcomes.

2) *Explain who uses the metric and how the metric results are used to make program decisions and/or changes necessary to better accomplish the department's mission.*

<p>Performance Monitoring</p> <p>The performance monitoring described occurs at the Licensing milestone stages identified in the metric to effectively manage the process and monitor accountability.</p>	<ul style="list-style-type: none"> • The Licensing and Fiscal managers oversee the mail and applicant processing to assure that timeframes and standards are met. • The Assistant Commissioner of Administration monitors the operations authorizing solutions to special needs and concerns, resolves issues raised to the executive level, assures budget compliance, and adopts policies and/or procedures. • Regular status meetings are conducted to monitor performance factors. • Weekly follow up requests are forwarded to the Department of Justice on applicants with pending responses in excess of 30 days.
<p>Reporting</p>	<ul style="list-style-type: none"> • Weekly status reports are prepared on pending workload as compared to date of receipt. Reports are provided to managers, Assistant Commissioner, and Chief Deputy Commissioner. • Employee reports of overtime scheduled and worked. • Aging reports of original license applications pending background completion. • Reports of examination dates being scheduled are also generated. Additional examination sites are sought based upon scheduling projections. • Comparative statistical analysis report of work completed during the reporting period as compared to other time periods. • Revenue and expenditure reports.

- 3) *Explain how changes in the activities/outputs measured by the metric are entirely, or at least primarily, responsible for changes in the outcome, and/or identify other factors affecting the outcome.*

Changes to the activities/outputs measured are introduced that do not reduce the level of integrity of the process or lower the standards. Therefore, when obstacles have occurred, the processing timeframes have been extended. However, certain processes have been made more efficient and additional opportunities for effectiveness are continually being explored to meet the processing timeframe objectives.

In taking a page from the success of the other states analyzed, a key to compressing the processing timeframes is to allow simultaneous submittal of examination and license requirements. To that end, DRE has supported legislation that will simplify the salesperson examination qualification process and allow the acceptance of fingerprint responses prior to license issuance.

The following represent a summary of DRE's pending strategic objectives with respect to this outcome:

- **Accept fingerprint results during examination process.**

Statute change effective July 1, 2004 will permit DRE to accept fingerprint response information for examinees that have their prints taken prior to passing the exam.

- **Simplification of salesperson examination qualification.**

Statute change effective July 1, 2004 will allow examination applicants to self-certify enrollment in pre-requisite statutory course rather than completion prior to applying for the examination. Transcript showing completion will be required with license application.

- **Hire staff and fill vacant positions.**

Hiring Freeze Exemptions authorizing DRE to hire temporary help, examination proctors, and to fill vacancies have been approved. DRE has also submitted a Spring Finance Letter requesting authorization for additional positions.

- **Expand online functions.**

Online examination rescheduling for qualified examination candidates will be available in April 2004. Planned enhancements include online initial examination application submittal and scheduling in the fall of 2004 and online tracking of the status of and stage of review of the original license application.

- **Expand internal technologies.**

Enhancements planned for release by July 2004 include bar code entry and tracking of examination, original and renewal applications and fees.

- **Explore testing private/public partnership.**

DRE believes that a potential exists to significantly improve the efficiency of the examination program through a partnership with the real estate industry. DRE's concept is for the Department to schedule the examinee and provide the proctor and examination materials; while the local Associations of Realtors (approximately 116 statewide) provide the facilities within their offices to administer the exam. DRE plans to explore this concept with industry and, with their consent, consider a pilot project to provide proof of concept and evaluate the logistical requirements. DRE plans to use existing staff to operate the pilot project targeting cities where exams are not otherwise offered and the examinee now incurs significant travel time and expense. DRE will initiate discussions with industry during April 2004.

- **Redesign Licensing Interactive Voice Response System** to process more telephone calls automatically. A Feasibility Study is completed for submittal along with a Budget Change Proposal (BCP) to the Department of Finance in July 2004, for

possible inclusion in budget year 2005/06, if approved. Submittal will be contingent upon reserve fund availability and loan repayment by the General Fund.

- **Re-initiate DRE's Electronic Examination Project** that could incorporate features to provide immediate results and collect initial license application information and fees. The project schedule has been rescheduled to begin the analysis phase in July 2004. Once this phase is concluded, DRE will prepare the required feasibility study report. This project is also contingent upon reserve funding and loan repayment by the General Fund.

4) *Identify the target for the metric and explain how the target was developed.*

The metric targets have been established based upon historical precedent and substantiated by industry input.

5) *Explain the cause[s] of any fluctuation in the metric results.*

- Ability to maintain dedicated staffing levels both permanent and temporary, knowledge bases, and skill sets.
- Sustained high volume of examination and license applications.
- Potential budget reduction in FY 2003/04 that precluded overtime authorization for 5 months.
- Increase in licensee population which translates into an increase in change transactions, background investigations of existing licensees, and telephone calls.
- Loan of \$10.9 million to the General Fund delaying new technologies.

Subdivision Program – Qualification of Offerings and Public Report Issuance

- A) *Describe the function and activities of the program, and how they relate to the department's primary mission.*

In order to sell subdivided land (5 or more lots/units), a subdivider (SRP) must apply for and obtain a Final Subdivision Public Report. The clerical unit reviews the application and supporting documents submitted to the DRE to assure the filing is a substantially complete application (SCA). Once the filing is deemed substantially complete, it is assigned to staff for evaluation and further review. Staff will issue a qualitative deficiency (QD) notice or issue the public report. Typically, one or more deficiency notices will be sent out. Once the file is deemed “perfected”, the public report must be issued within a certain number of days. The statutory allowable timeframes for the processing of public report applications are set forth in Section 11010.2 of the Subdivided Lands Law. The general objective of this program is to protect the buying public through review of applications for compliance with the Lands Act and the issuance of public reports.

B) *Describe the program's goals/expected outcomes.*

<p>Program Outcomes</p> <p>The outcome of this program is the protection of the buying public through review of applications for compliance with the Lands Act and the issuance of public reports.</p>	<p>The public report is the basic disclosure document provided to purchasers of subdivided lands concerning the material aspects of subdivision projects. The public report is the primary means of accomplishing subdivision qualification through the submittal and review of a completed application and the following documents as required by the application:</p> <ul style="list-style-type: none"> • title report; • grant deed; • evidence of vehicular access, available water for domestic use and sewage disposal; • tentative/recorded subdivision map; • condominium plan; • location and nature of soils information; • completion arrangements for the recreational facilities or common elements; • purchase money handling arrangements; • assessments and taxes; • unusual adjacent uses and zoning including airport influence area disclosure; • sales contract; • escrow instructions; • use and easement agreements; • contracts for services obligating the homeowners association; • subsidy/maintenance agreement and accounting procedure; • proposed homeowners association budget for the first 18 months of operation which is reviewed for adequacy of assessments and reserves; and • common interest project management documents, which include the Articles of Incorporation, Bylaws and the Covenants, Conditions and Restrictions (CC&R's). This review reveals any unusual restrictions or conditions imposed upon buyers and assures reasonable arrangements have been made for the operation of the homeowners association.
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Program Goals	Common Interest		Standard
The processing timeframes are mandated by Section 11010.2 of the Business and Professions Code.	Received to SCA	10	10
	SCA to QD	60	20
	SRP corrects deficiency	N/A	N/A
	DRE response to SRP	30	20
	Perfected to issued	15	10
	Common Interest		Standard
The program goal is to achieve the identified outcomes within 50% of the allotted time.	Received to SCA	5	5
	SCA to QD	30	10
	SRP corrects deficiency	N/A	N/A
	DRE response to SRP	15	10
	Perfected to issued	7.5	5

- C) *Identify the budget [\$ and PYs] for the program and compare to other states, including TX, FL, AZ, OR, NM, and WA.*

Twenty-four states have laws governing in state subdivided land sales while 32 states have an out-of-state registration requirement. Our research indicates that California law governing subdivided land sales is comparable to other states with filing or registration requirements.

In DRE's national comparison analysis, like operations tied to Subdivisions budget and personnel resources information was not readily available by the other states. However, DRE was able to ascertain the following comparison data as it relates to the Department's processing goal.

Subdivisions Public Report Comparison Summary

State	Volume Received	Processing Timeframes	Current Benchmarks	Historical Benchmarks
California	3652	65.9 avg.	57.5 days (Statute allows 115 days)	20 days
Arizona	1024	28.6 days avg.	60 days *	Not Available
Florida	60 from 01-03	10-45 days	45 days *	Not Available

** Note: State benchmarks were derived from published processing standards or statutory timeframes as calls to the States revealed that the requested information is not available.*

Key Similarities to California

- Require qualification of time-share projects
- Various exemptions to filing for a public report
- Guarantee completion of common areas or facilities
- Public report satisfies the Office of Interstate Land Sales Registration (OILSR/HUD) requirements for federal land sales law.

Key Differences to California

- California has a comprehensive review of the proposed homeowners' association (HOA) budget and the HOA governing documents to ensure the long-term viability of the association.
- California no longer performs on-site inspections of in-state common interest subdivisions unless the project is a condominium-conversion

D) *Identify the program's primary and [if applicable] secondary customers, and explain how customer satisfaction is measured.*

<p>Primary Customers</p> <ul style="list-style-type: none"> • Subdividers/Builders • Prospective Buyers 	<ul style="list-style-type: none"> • Customer Surveys • Letters • Industry Communications • Front Counter Information • Industry Forums
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E) *Describe the obstacles to achieving the program's goals/expected outcomes.*

Staff reductions.

- Lowest level in 20 years
- 292 Total Authorized positions
- Loss of 26 positions in two years.

Unprecedented high volume of applications

- Subdivision Applications +20%

F) *If an activity interferes with the department's primary mission, explain how it does so and why the activity is performed.*

No such activity.

G) *Metric*

- 1) *Explain how the metric demonstrates the department's success in accomplishing its mission, how the metric is linked to program outcome.*

Metric Objective	To process subdivision public report applications timely permitting the developer to offer interests for sale and reduce their overhead expenses.
Program Outcome	DRE will be continuing the practices that support the integrity of the Subdivision approval process to realize the program outcomes.

- 2) *Explain who uses the metric and how the metric results are used to make program decisions and/or changes necessary to better accomplish the department's mission.*

Performance Monitoring The performance monitoring described occurs to monitor the staff caseload and Subdivision approval lifecycle.	<ul style="list-style-type: none"> • The Office Manager in Sacramento and Los Angeles will be responsible for assigning files and balancing the workload. • The new personnel will be trained in a group setting to assure low impact and uniformity. • The managers will monitor the processing timeframes by individual staff members and the number of days between processing milestones.
Reporting	<ul style="list-style-type: none"> • The Office Manager will submit weekly progress reports to the Assistant Commissioner - Subdivisions • A monthly report of the "Subdivisions Total - Average Processing Times" will be completed and submitted to the Chief Deputy Commissioner.

- 3) *Explain how changes in the activities/outputs measured by the metric are entirely, or at least primarily, responsible for changes in the outcome, and/or identify other factors affecting the outcome.*

- In order to meet the outcomes within the metric, additional staff have been dedicated to the Los Angeles and Sacramento Subdivision Sections, with the majority going to Los Angeles, as the workload is much higher.

- Authorization has recently been granted to fill vacant positions and hire additional temporary staff and proctors.
- Management will monitor online processes for tracking employee production against statutory due dates, observe and balance workloads, various DRE reports of state of pending reviews, statistical assessments of work pending, employee production statistics, and workload projections. The source of all data is available by office as well as by employee.
- The more experienced the reviewing staff, the faster the processing efforts.

4) *Identify the target for the metric and explain how the target was developed.*

The metric targets have been established based upon statutory requirements factored by industry input. The California Building Industry Association (CBIA) would like to see processing timeframes which are half of the statutory mandate. DRE's metrics are most comparable with Arizona in recent volume and statutory requirements. Processing standard subdivision applications between California and Arizona are within 7.3 days for the year 2003.

5) *Explain the cause[s] of any fluctuation in the metric results.*

- Ability to maintain dedicated staffing levels both permanent and temporary, knowledge bases, and skill sets.
- Sustained high volume of subdivision applications.
- Application deficiencies extend the processing timeframe as additional information or resolution is sought.
- The time factor associated with training the new staff, both from a standpoint of their becoming more expert in the review and that of the trainer.

Enforcement Program – Investigation Function

- A) *Describe the function and activities of the program, and how they relate to the department's primary mission.*

The Enforcement Program's overall mission is to enforce the provisions of the Real Estate Law and the Subdivided Lands Law and is composed of the Enforcement Section, Audit Section and Legal Section all of whom work in conjunction to accomplish the enforcement effort.

- B) *Describe the program's goals/expected outcomes.*

<p>Program Outcomes</p> <p>This program's outcome is to provide protection for the purchasers of real property and those persons conducting business with real estate licensees. This is accomplished through preventative and investigative actions.</p>	<ul style="list-style-type: none"> • Review of pre-complaints • Preventative actions which includes background screening of licensees/applicants to ensure that they meet the statutory standards to obtain and hold a license. (License reviews and rap sheets). • Investigation of complaints that have been filed against licensees. • Conclusions – case is either closed without further action or forwarded to Legal for prosecution.
<p>Program Goals</p>	<p>Because of the complexity of real estate related investigations and the process that must be followed to ensure that the constitutional rights of real estate licensees are honored, the disciplinary process can be time consuming. Therefore, cases are prioritized into categories of risk that is posed to the public.</p> <p>High Risk Cases – Conclude within 6 months.</p> <p>Low Risk Cases – Conclude within 12 months.</p>

- C) *Identify the budget [\$ and PYs] for the program and compare to other states, including TX, FL, AZ, OR, NM, and WA.*

Because specific budget and personnel information was not available from other states, DRE analyzed 10 years of performance data for California, Florida, Illinois, Michigan, New York and Texas, the top six states in terms of license population in the United States. The information was obtained by the Association of Real Estate License Law Officials (ARELLO) and reported in ARELLO's annual *Digest of Real Estate License*

Laws. The evaluation included data by state on numbers of active licensees, complaints opened for investigation, cases closed, and disciplinary actions filed.

It should be noted that the Department was unable to draw statistically conclusive data from this review for purposes of performance measurement. This was because not all states reported to ARELLO on a regular basis, maintained accurate records of case aging, counted statistical information in a uniform or consistent manner, or used the same fiscal year cut-off dates. Further, these states do not regulate the same body of law, place emphasis on the same types of violations, or operate in the same business environment as California.

However, the analysis does provide an overview of California's dominant position as a leader in real estate regulation. California has been at or near the top of the chart in active licensee population for the past ten years. Last year, California opened and processed more real estate investigations than any other reporting state. In addition, DRE requires criminal background investigations on each of its applicants and routinely leads the nation in actions taken.

Cases Opened

	1994	1995	1996	1997*	1998*	1999*	2000*	2001*	2002*	2003*
California	8521	8850	9746	2835	3314	3716	3717	3859	3400	5095
Florida	5464	5102	5499	4890	4920	8744	4797	4918	4658	4246
Illinois	600	600	1037	1000	877	779	1195	1099	911	1286
Michigan	608	695	503	394	311	333	624	1072	1145	1011
New York	na	5231	na	3005	2300	2805	3200	na	na	na
Texas	1630	1787	1689	1802	2191	2408	2828	3200	3035	3129

* After 1996, California stopped including consumer complaints that were not set up for investigation in the "files opened" count.

Cases Closed Without Disciplinary Action

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
California	*	*	*	2327	2205	2650	2370	2931	2268	2842
Florida	*	*	*	1253	2509	2428	2585	2963	2681	2374
Illinois	*	*	*	400	487	267	331	na	na	218
Michigan	*	*	*	na	na	na	na	na	na	na
New York	*	*	*	na	1720	2303	2695	na	na	na
Texas	*	*	*	1919	1420	1016	1100	470	365	1200

* Data not conclusive

Disciplinary Actions

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
California	1263	2220	1983	1136	1135	994	1064	1934	1766	1406
Florida	853	448	702	976	na	na	675	652	2642	na
Illinois	270	270	201	198	215	na	426	na	na	216
Michigan	na	na	na	na	na	97	na	66	na	77
New York	na	180	na	na	1160	1004	1554	na	na	na
Texas	86	157	184	95	51	104	125	390	338	360

D) *Identify the program's primary and [if applicable] secondary customers, and explain how customer satisfaction is measured.*

Primary Customers <ul style="list-style-type: none"> • Consumers • Real Estate Applicants and Licensees 	<ul style="list-style-type: none"> • Customer Surveys • Letters • Industry Communications • Front Counter Information • Industry Forums
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E) *Describe the obstacles to achieving the program's goals/expected outcomes.*

- Increase of 55% in cases over ten years
- 19.5 fewer Enforcement positions over the same time period.
- Unprecedented high volume of license applications and Rap Sheets.
- 87% higher caseload per authorized Enforcement Position.
- 23.3% increase in cases closed or sent to Legal.
- Cases increased 153% since 2001.

F) *If an activity interferes with the department's primary mission, explain how it does so and why the activity is performed.*

No such activity.

G) *Metric*

- 1) *Explain how the metric demonstrates the department's success in accomplishing its mission, how the metric is linked to program outcome.*

Metric Objective	To resolve licensee background reviews and investigations more timely preserving public protection.
Program Outcome	More timely processing while maintaining DRE's standard as a leader in the nation with respect to enforcement activities supporting its mission.

- 2) *Explain who uses the metric and how the metric results are used to make program decisions and/or changes necessary to better accomplish the department's mission.*

Performance Measures	<ul style="list-style-type: none"> • The District Office Managers will monitor investigative milestones. • The Sacramento Regional Manager will provide Licensing with supplemental training on which types of violations are actionable. • The Assistant Commissioner of Enforcement will monitor the case aging and productivity statistics. • Issues will be elevated to the appropriate level for resolution. • DRE will adopt expedited file processing practices when appropriate for original license applicants as proven in a pilot project.
Reporting	<ul style="list-style-type: none"> • The Program Managers will produce monthly reports of pending and completed cases, audits and hearings. • A monthly progress report will be completed and submitted to the Chief Deputy Commissioner.

- 3) *Explain how changes in the activities/outputs measured by the metric are entirely, or at least primarily, responsible for changes in the outcome, and/or identify other factors affecting the outcome.*

The DRE will, in the near future, adopt on a permanent basis an expedited RAP processing policy for license applicants who have criminal convictions that indicate on a prima facie basis that a restricted or probationary real estate license would be appropriate. Under this policy, the Enforcement Section can eliminate the need to request and wait for certified copies of court documents and police reports for applicants who have past criminal convictions that meet established criteria.

This expedited RAP processing policy has been in place as a pilot program since March 2003, and it has been effective in reducing the processing times for license applicants. Under this procedure, the Department obtains criminal background reports from both the California Department of Justice and the Federal Bureau of Investigation. Currently, approximately 40% of the license applicants have a criminal conviction. If the criminal background reports match the disclosures made on the license applications and reflect that the applicant has been convicted of a single non-theft related minor misdemeanor offense for which the conviction took place over two years ago, or if there have not been more than two minor convictions at the misdemeanor level within four years since the last conviction, the file can be considered for the expedited process. The applicant can then proceed to be interviewed without the necessity of waiting for certified copies of the court documents and police reports to arrive in the mail. If the applicant agrees to a restricted license and there is no evidence from the interview indicating that the applicant would be a significant risk as a licensee, and the applicant has sufficiently rehabilitated, the file is sent directly to the legal section for preparation of an order granting a restricted license.

The following will also be incorporated in the program to save the enforcement and legal staff time without jeopardizing consumer protection or the integrity of the process:

- enhance the automated tracking tools
- consolidate investigator efforts with respect to original license background checks
- redirect workload to the extent geographically possible.
- use alternate means to conduct investigative interviews and data gathering.

4) *Identify the target for the metric and explain how the target was developed.*

<p>Metric Target</p> <p>Reduce ratio of cases over 6 months by 10%, reduce ratio of cases over 12 months by 10%.</p>	<p>Timeframes necessary to meet metric target.</p> <ul style="list-style-type: none"> • Pre-complaint Process (15 - 30 days) • RAPs (2 - 6 months) • Petitions (5 - 6 months) • Investigations (6 – 12 months) • Management review of recommended actions (2 weeks)
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It is the goal of the Enforcement Section to produce quality investigations that contain the necessary information to support sound decision making for either closing a case due to insufficient evidence or submitting it for formal disciplinary action based upon clear and convincing evidence of a violation. However, it is also important that complaint investigations are completed in a timely manner. Historically, DRE's

metric target has been that most cases should be completed within 6 months with all cases being completed within one year.

The Department attempted to obtain case aging information directly from other states for comparison purposes, but was largely unsuccessful. Other states reported that they either did not maintain such statistics, could not easily recover them from their existing data sources, did not have the personnel resources needed to calculate their case aging ratios, or that the Department's request could not be honored in a timely manner. As a result, the Department used its own 10-year historical data to establish a comparison benchmark.

The benchmark is critical because the real estate broker or salesperson that committed the wrongful acts remains fully licensed during the investigation. The longer the case takes to investigate, the longer an unscrupulous agent has to defraud the public.

5) *Explain the cause[s] of any fluctuation in the metric results.*

The Enforcement Section has experienced an 86% increase in the number of cases assigned for investigation over the past three years. The cases include license applicant background checks, consumer complaints, licensee background follow-up, and investigations into unlicensed activities. To mitigate consumer financial losses, the goal of the Enforcement Section is to investigate all cases within six months. At the present time, approximately 19% of the pending investigations are aged over one year.

- Case aging timeframes have suffered as the result of workload increases and limited resources available to meet operational needs.
- As to the Department, specific performance measures and outcomes are monitored to assure compliance with all strategic and operational objectives. With workload levels continually exceeding the performance capacity of the staffing authorized, DRE redirected positions from the Enforcement program to areas of critical importance.
- The scope of background review is comprehensive. Regulations defining crimes that are substantially related to license activity include sexually related crimes, crimes of violence, crimes involving contempt of court and failure to appear, other conduct that demonstrates a pattern of repeated or willful disregard of law, and multiple convictions for driving under the influence of alcohol.

Administrative Program – Information Services Function

- A) *Describe the function and activities of the program, and how they relate to the department's primary mission.*

The Information Systems Section (ISS) has as its primary undertaking to identify and conduct activities related to aligning the Department of Real Estate's business direction with emerging technology solutions.

ISS is a multi-functional entity that provides for the strategy, analysis, design, development, maintenance, operations, and administration of the Department's information technology solutions. This includes the support of the Department's mission critical applications and statewide efforts in information processing, telecommunications, and office automation systems statewide.

ISS provides multi-platform and multi-system user technical support requiring expertise in Imaging technologies; UNIX/Oracle two-tiered client/server environment; Windows 2000 and Windows NT servers and workstations; and Internet services.

- B) *Describe the program's goals/expected outcomes.*

ISS plans the tasks and schedules associated with maintaining the information processing systems that are already in place, developing new systems and projects, and planning the implementation of proposed projects, all of which support DRE's business strategy.

After weighing its business requirements and factoring constraints, DRE Executive Management prioritizes the technology projects and grants approval of the recommendations, thus providing the sponsorship and direction for the implementation of technology solutions to help meet DRE's business objectives and goals.

- C) *Identify the budget [\$ and PYs] for the program and compare to other states, including TX, FL, AZ, OR, NM, and WA.*

In DRE's national comparison analysis, technology operating budgets and personnel resources information was not readily available from the other states. California has made a substantial investment in technology over the past ten years in order to support the programs that carry out DRE's mission.

Key Similarities to California

- Comparable technology offerings for online renewals, license lookups, and information maintained. Most of the various states track information such as

education evaluation, fees, examination results, license and renewal processing, and enforcement case tracking.

- All states have web sites through which online offerings are accessed and are comparable to the California DRE Web site. The Association of Real Estate License Law Officials (ARELLO) honored the DRE Web site with the 2002 ARELLO Excellence in Communication Award.
- Forms available through Fax-On-Demand telephone systems as well as via the Internet.

Key Differences to California

- Electronic administration of the examinations.
- Online submittal of original license application is permitted in states such as Texas.
- DRE stores its licensing evidentiary records using optical imaging technology. Other states with large licensee populations, such as Texas, are beginning to plan for similar storage platforms.

D) *Identify the program's primary and [if applicable] secondary customers, and explain how customer satisfaction is measured.*

<p>Primary Customers</p> <ul style="list-style-type: none"> • DRE Staff • Real Estate Licensees • Members of the Public • Other Government Entities 	<ul style="list-style-type: none"> • Business Process and Strategic Reviews • Customer Surveys • System Enhancement and Issue Requests • Industry Communications • Feedback at Examinations • Front Counter Information • Industry Forums
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E) *Describe the obstacles to achieving the program's goals/expected outcomes.*

- Lead time required for project approval through control agencies.
- Procurement and solution restrictions specifically the existing limitations with telecommunications and Interactive Voice Response System replacement.
- Available reserve funding after \$10.9 million loan to the General Fund to fund technology endeavors.
- Loss of two staff in the areas of technology security and management.

F) *If an activity interferes with the department's primary mission, explain how it does so and why the activity is performed.*

No such activity.

G) *Metric*

Provide timely and cost effective technology services and support as directed by the Real Estate Commissioner.

- 1) *Explain how the metric demonstrates the department's success in accomplishing its mission, how the metric is linked to program outcome.*

Metric Objective	To provide timely, cost effective technology services as directed by the Real Estate Commissioner through the Strategic Plan objectives, identified system enhancements and the correction of system problems or issues.
Program Outcomes	<ul style="list-style-type: none"> • Support and enhancement of the Enterprise Information System (EIS). • Support and enhancement of the Licensing Masterfiles Imaging System. • Support and enhancement of the DRE Web Site. • Coordinate and implement the electronic exchange of information with the Department of Justice. • Support and expansion of DRE's online offerings. • Implement new projects such as the IVR Replacement Project and the Electronic Examinations project. • Maintain access and security standards.

- 2) *Explain who uses the metric and how the metric results are used to make program decisions and/or changes necessary to better accomplish the department's mission.*

Performance Monitoring	Program monitoring provides increased customer satisfaction and improved value associated with fee revenues; improved productivity; opportunities for DRE to service a higher volume of customer transactions; easier Industry and staff access to pertinent DRE information; and appropriately leverage technology to the Department and its clients in support of DRE's mission objectives.
Reporting	To monitor overall progress and performance, the Commissioner and the Chief Deputy conduct bi-annual meetings with the Division Managers who are responsible for carrying out the Department's objectives. In addition, supplemental monitoring plans for specific goals with specific performance monitoring measures consistent with the goal attainment strategy support program oversight.

- 3) *Explain how changes in the activities/outputs measured by the metric are entirely, or at least primarily, responsible for changes in the outcome, and/or identify other factors affecting the outcome.*

ASSETS

Through its successful completion of major milestones of various projects, DRE has enhanced its technology environment to include:

- A department-wide technology implementation for information distribution.
- Re-design and re-engineering of Division/business needs to provide easy access to the information and management of the data.
- A platform to improve the service levels of making information available more timely to DRE clients.
- Placement of new workstations on the desktop, thus empowering DRE staff with personal productivity tools.
- Capability of accessing DRE's sub-systems through all new desktop devices.
- Expansion of electronic mail capabilities to all DRE staff.
- Design and installation of the local area network configurations, including cabling to all DRE staff for workstation access and print devices, file servers, hubs, and routers.
- Expansion of wide area connectivity to all DRE offices and the Internet through CSGNet.
- Inclusion PIN access and printing services via CSGNet.
- Expanded functionality and storage capacities associated with upgrading DRE shared resources.
- Replacing the updateable microfilm process for the storage and retrieving of real estate license application documentation with a LAN-based imaging system, consisting of scanners, key data entry, OCR software for data capture, and a relational database for indexing and retrieval.
- Increasing the functionality of the Internet as a customer service center.

REMAINING CHALLENGES

The Department's technology infrastructure and its supported data are an essential public resource. Without these capabilities and files many of DRE's business operations would cease to function. This dependence on automation has made the prospect of reconstructing lost data or returning to manual processing impractical.

Along with the need to physically protect these assets, there is a corresponding need to ensure their integrity. DRE management is committed to ensuring the integrity of the data and that it is not lost or accessed by unauthorized persons. To do so requires arduous efforts on the part of ISS to monitor, control and improve DRE's infrastructure security while refining the overall security process.

ISS must supplement their efforts with a balanced reliance upon industry partners to appropriately incorporate and update its security tools, services, and best practices thereby reducing risk and vulnerability.

Common technology challenges to all state entities center around policies and practices of justification, procurement, reporting, oversight and skilled resources.

4) *Identify the target for the metric and explain how the target was developed.*

To succeed in meeting the goals set forth in its mission statement, DRE incorporates information technology planning strategy with the business objectives and goals to take advantage of technological opportunities. The following concepts were developed as the foundation upon which DRE's technological infrastructure was planned and developed. These concepts are consistent with DRE's Strategic Plan and support DRE in accomplishing its mission.

- Increasing amounts of data will be captured and securely stored, made immediately available to all interested parties at any location.
- "Unlimited" amounts of storage and processing capability will exist.
- Both technology industry standards and DRE standards will be defined, implemented and followed.
- Security will be recognized as a key component to maintaining data.
- Migration from one technology to another, and the incorporation of new technologies, will be anticipated and accomplished with minimum disruption.
- Application development will be completed timely within a priority schedule approved by DRE Executive Management.
- DRE staff will be able to provide fast, comprehensive and accurate client services based, in part, upon the technology and tools available to them.
- After implementation of each new technology component or significant update of an existing technology component, a management review will be conducted to evaluate potential policy and directive changes possible as a result of the new application.
- DRE will seek the direction of qualified consultants, both private and from within the State, when necessary to realize optimal results.
- DRE will continue to support its investment in technology by scheduled capacity planning and hardware and software reviews accompanied by recommendations for upgrades or replacement based upon cost benefits.

5) *Explain the cause[s] of any fluctuation in the metric results.*

Any blueprint for the engineering of improved technological opportunities must be coupled with a re-evaluation of business principles to fully take advantage of that technology. DRE recognizes and incorporates, into the ongoing effort of information management, forums for the introduction of new ways to conduct its business. The value of the strategy and expansion of the infrastructure as presented is not only that it can make old processes work better, but that it will enable DRE to plan for and implement improved procedures that maximize the potential of the technology.